

OLYMPIA, WASHINGTON

December 14, 2005

The State Finance Committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Brad Owen, Lieutenant Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Andrew Scott, Office of the Attorney General
Rob Shelley, Seattle-Northwest Securities
Nancy Adams, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities
Svein Braseth, Office of the State Treasurer
Bill Tonkin, Foster Pepper & Shefelman
Vicki Cox, Office of the State Treasurer
Joe Dear, State Investment Board
Pat McElligott, State Investment Board
Barton Potter, Office of the State Treasurer
Susan Penley, Office of the State Treasurer
Jeff Caldwell, Department of Transportation
Amy L. Arnis, Department of Transportation
Noah Crocker, Office of the State Treasurer
Mike Roberts, Office of Financial Management
Nancy Notter, Office of the State Treasurer
Pam Johnson, Office of the State Treasurer
Sue Melvin, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Lt. Governor Owen moved the minutes for the September 7, 2005 meeting be approved. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin said in accordance with RCW 43.33A.100, the employment of the executive director of the State Investment Board is subject to confirmation by the State Finance Committee. On November 23, 2005, the Committee received a letter from State Investment Board Chair, Patrick McElligott requesting Committee action re-appointing Joseph A. Dear as executive director. Mr. Dear has served as executive director since 2002. The statute provides for a term of three years. Proposed Resolution No. 1025 of the State Finance Committee confirms the appointment of Joseph A. Dear as the executive director of the State Investment Board for a term of three years as provided by RCW 43.33A.100.

Mr. Martin presented proposed Resolution 1025 to the committee.

Resolution 1025 confirmation of re-appointment of Joseph A. Dear, Executive Director of the State Investment Board.

Lt. Governor Owen moved to adopt Resolution 1025. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 1026 provides for the issuance and sale of not to exceed \$236,665,000 State of Washington Various Purpose General Obligation Bonds, Series 2006D, authorized by Chapter 14, Laws of 1989, 1st Ex. Sess.; Chapter 15, Laws of 1990, 1st Ex. Sess.; Chapter 3, Laws of 2003, 1st Sp. Sess.; Chapter 18, Laws of 2003, 1st Sp. Sess.; Chapter 487, Laws of 2005; and Chapter 39.42 RCW for the purpose of providing funds to pay and reimburse the state for various state capital project expenditures, state buildings and facilities for institutions of higher education expenditures; fixing the date, form, terms, maturities, redemption provisions and covenants of the Bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said Bonds. The Series 2006D Bonds will be used to fund cash flow requirements for construction of state capital projects, and state buildings and facilities for institutions of higher education. Bond proceeds from this proposed issue are to be deposited or transferred to the following funds: State Building Construction Account (fund 057), Outdoor Recreation Account (fund 070), State and Local Impr. Revolving Account -- Water Supply Facilities (fund 072), Habitat Conservation Account (fund 244), and Gardner-Evans Higher Education Construction Account (fund 357). The Series 2006D Bonds are tax-exempt current interest Bonds. The interest will be paid semi-annually on the outstanding principal. The debt service payments of Series 2006D Bonds are structured to produce an approximate level debt service over the life of the Bonds. Mr. Torkelson said the bond rates have been steady and it is a good time to sell bonds.

Mr. Martin presented proposed Resolution 1026 to the committee.

Resolution 1026 authorizing the issuance and sale of not to exceed \$236,665,000 State of Washington Various Purpose General Obligation Bonds, Series 2006D, authorized by Chapter 14, Laws of 1989, 1st Ex. Sess.; Chapter 15, Laws of 1990, 1st Ex. Sess.; Chapter 3, Laws of 2003, 1st Sp. Sess.; Chapter 18, Laws of 2003, 1st Sp. Sess.; Ch. 487, Laws of 2005; and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution 1026. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 1027 provides for the issuance of Motor Vehicle Fuel Tax General Obligation Bonds, Series 2006E, of the state, in the principal amount of not to exceed \$260,000,000, authorized by Chapter 321, Laws of 1998 (Referendum 49)

(RCW 47.10.843); Chapter 147, Laws of 2003 (RCW 47.10.861); Chapter 315, Laws of 2005 (RCW 47.10.873); and Chapter 39.42. RCW; and Motor Vehicle Fuel Tax General Obligation Bonds, Series 2006F, of the state, in the principal amount of \$55,000,000, more or less, authorized by Ch. 321, Laws of 1998 (Referendum 49), (RCW 47.10.843) and Ch. 39.42 RCW; for the purpose of providing funds to pay and reimburse state expenditures for construction and improvement of state and local highways, construction of selected transportation 2003 projects or improvements, and selected 2005 transportation partnership projects or improvements, fixing the date, form, terms, maturities, redemption provisions and covenants of the Bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said Bonds.

Mr. Martin said a letter from the Washington State Department of Transportation (DOT) is included with this memorandum describing projects to be funded with the bond proceeds. A portion of this request was originally made on July 12, 2005 - but DOT asked that the sale be delayed until the results of the vote on Initiative 912 was apparent. Mr. Martin said this sale will include that earlier request. Mr. Drew Scott said the vote on Initiative 912 was verified and certified on December 12. Initiative 912 did not pass. Proposed Resolution 1027 provides for use of electronic bidding as well as hand delivered bids to the Office of the State Treasurer. The Series 2006E and 2006F Bonds are proposed to be sold competitively on January 24, 2006. The Series 2006E Bonds are tax-exempt current interest bonds. The interest will be paid semi-annually on the outstanding principal. The Series 2006E Bonds are structured to produce an approximate level debt service over the life of the Bonds. The Series 2006F Bonds are compound interest bonds. As such, the interest on the Series 2006F Bonds will be paid only at maturity.

Mr. Martin presented proposed Resolution 1027 to the committee.

Resolution 1027 authorizing the issuance and sale of not to exceed \$260,000,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2006E, authorized by Chapter 321, Laws of 1998 (Referendum 49) (RCW 47.10.843); Chapter 147, Laws of 2003 (RCW 47.10.861); Chapter 315, Laws of 2005 (RCW 47.10.873); and Chapter 39.42. RCW; and \$55,000,000, more or less, of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2006F, authorized by Chapter 321, Laws of 1998 (Referendum 49) (RCW 47.10.843); and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution 1027. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin wished the Committee a Merry Christmas and thanked everyone he has worked with in the past 12 months. He said they were a good group to work with.

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 10:10 a.m. and the Public Deposit Protection Commission meeting was called to order.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Christine O. Gregoire, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Deputy State Treasurer & Secretary